INTERNATIONAL TRADE ADMINISTRATION
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNTING DIVISION

July 2002

Accounting Operations Management
Monthly Report

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Executive Summary

Report Highlights:

- Year-End-Closing and Accruals – This year OFM with the assistance of NBC made several changes to the Year-End-Closing and Accrual process that will greatly simplify the roll of ITA employees while increasing the accuracy of ITA's financial statements. Presented below are the most significant of these changes
    - Credit Card accruals (both domestic and overseas) will be automatically calculated and processed by NBC.
    - Cash Award accruals will be based on the remaining amount of each Deputy Assistant Secretary's approved cash award pool and will be automatically processed by NBC.
    - Accruals for established unliquidated obligations have been certified by the responsible officials at the end of June will be automatically processed by NBC. Additionally, NBC will establish accruals for those goods and services ordered from July 1 through September 30, 2002.

Performance Standards

- Travel Voucher Processing
    - Average Processing Time – 10.0 Days (Standard is 10 Days)
    - Percent that met/exceeded servicing level – 75%
    - The servicing level dropped to 75% due to almost two hundred more travel vouchers being processed in July than June. Also, the same person processing travel vouchers was also working on the audit certification within the travel manager pilot. NBC has shifted resources to allow for the extra travel activity and travel manager support

- Vendor Payments (June Data)
    - Invoices Paid late – 25
    - Interest Paid – $254
    - ITA is not in compliance with the Prompt Payment Act requirements. The percentage of invoices paid on time was 94% (prompt pay standard is 95% or more). The percentage of late payments dropped from 10% reported in May to 6% for June. ITA cost centers continue to work with OFM and NBC on meeting the prompt pay requirements

OFM Accounting Initiatives

- Payroll Errors for Pay Period 13 (June 30-July 13)
    - Timekeeper Errors - 14
    - Cash Award Errors - 8

    - Payroll errors have leveled off to fewer than 25 errors (see graphic on

page number 5). The fluctuation is mainly due to errors in cash awards. It meets our 1% error rate standard.

- Payroll errors review status – OFM has modified the processing of cash awards by requiring a review, by the budget analysts, of the accounting codes all award forms. This effort is expected to eliminate or minimize the number of payroll errors from incorrectly coded cash awards.
- Split Pay Period – For the last few years, ITA has required its timekeepers to split employee costs manually for pay periods that cross between the old fiscal year (FY) and the new fiscal year. This year, timekeepers will not have to perform this action. The National Finance Center (NFC) will split each ITA employee's payroll costs for pay period 19 (September 22nd – October 5th), by prorating the costs between the two fiscal years. NFC will apply approximately 60 percent of the costs to Budget Fiscal Year (BFY) 2002 and the remaining 40% against BFY 2003. The National Business Center (NBC) will ensure that split payroll costs are posted to the correct BFY.
- Coding Pattern project status – On July 15, 2002, the CIO completed and delivered a "beta" version of the Coding Pattern application for testing. OFM accepted the application pending the inclusion of minor changes, requested by FCS. OFM is currently conducting user training, which will continue throughout August and September 2002.


Property Inventory

- The annual inventory process started April 1st and was completed on May 31, 2002. Troublesome areas that need additional work include the FCS/Overseas and the newly established CIO. For FCS, there was much property previously reported as disposed of that showed up as part of this year's inventory. CIO has personal property, mainly computer hardware that is not being tracked correctly. NBC staff is meeting with CIO staff in developing policy and procedures the week of August 4th. In the case of the FCS/Overseas, the NBC staff in conjunction with FCS personnel are currently reviewing the inventories of each post and making the necessary corrections.
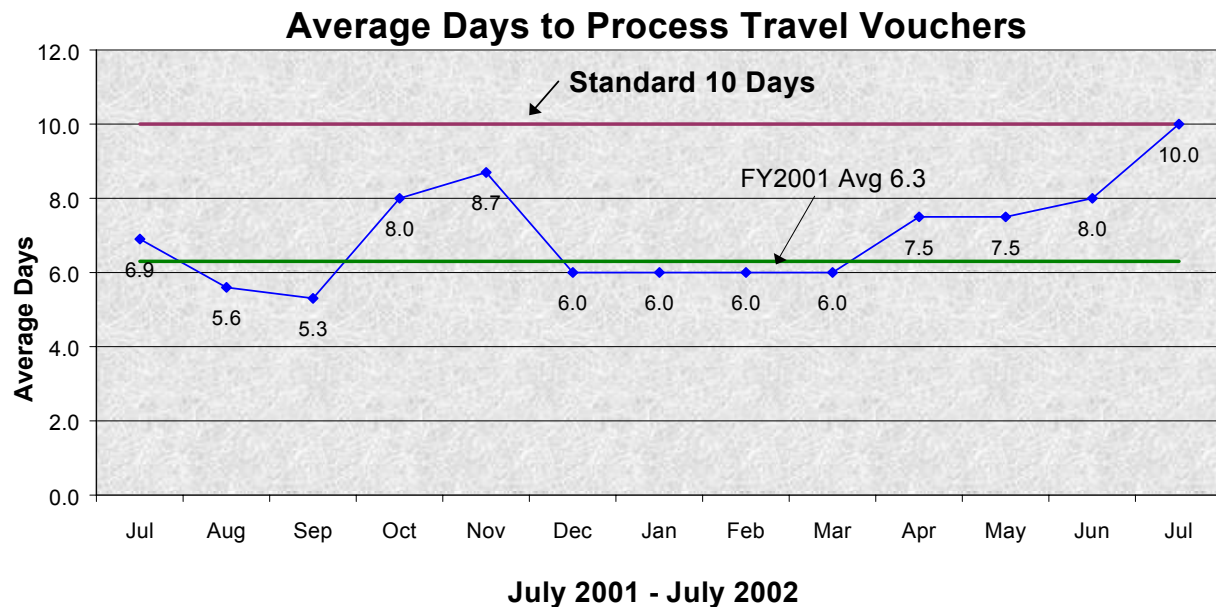
Accounting Operations Management
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Travel Voucher Processing

For the month of July 2002, the NBC processed 729 travel vouchers. The chart below denotes the percentage of vouchers paid that met or exceeded the 10-day standard servicing level (beginning with the month of July 2001). The servicing level dropped to 75% due to almost two hundred more travel vouchers being processed in July than June. Also, the same person processing travel vouchers was also working on the audit certification within the travel manager pilot. NBC has shifted resources to allow for the extra travel activity and travel manager support.

Travel Voucher Percentages that Met/
Exceeded the Servicing Level (10 Day Processing)
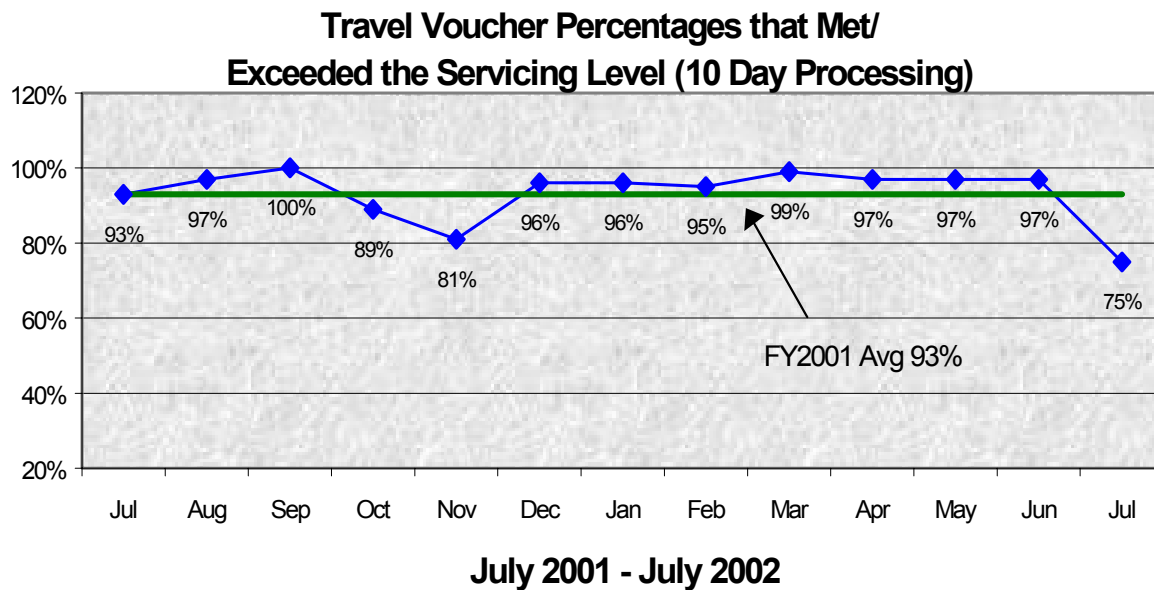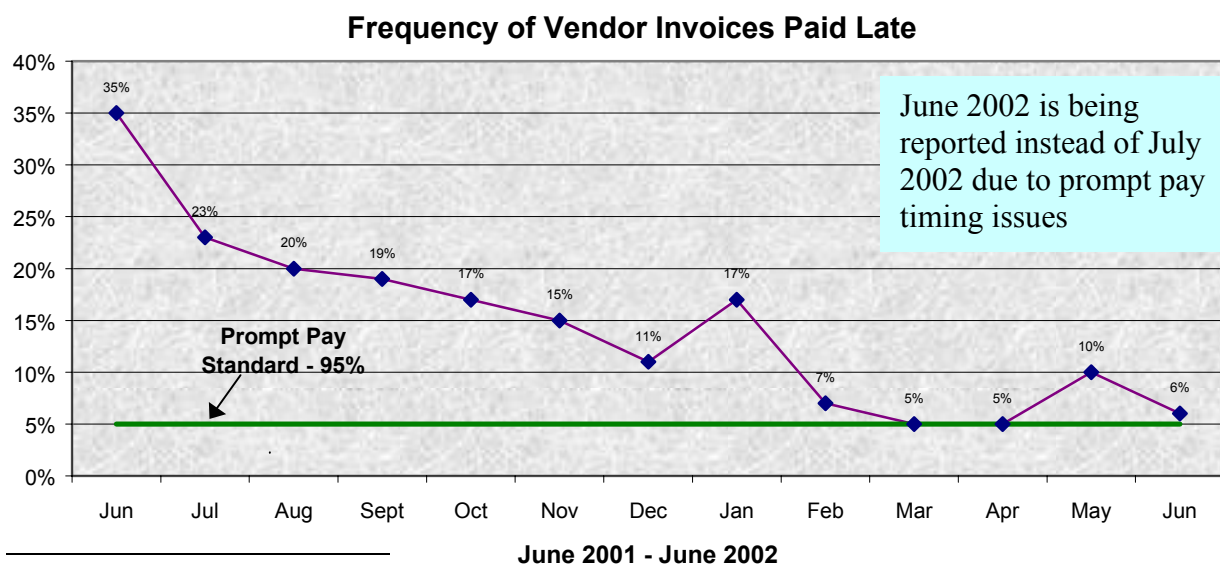

July 2001 - July 2002

Below is the average number of days to process ITA travel vouchers by month and an annual average (beginning with the month of July 2001). The average days to process was 10 days for July (see graphic on next page).

Average Days to Process Travel Vouchers

Standard 10 Days

FY2001 Avg 6.3

Month	Value
Jul	6.9
Aug	5.6
Sep	5.3
Oct	8.0
Nov	8.7
Dec	6.0
Jan	6.0
Feb	6.0
Mar	6.0
Apr	7.5
May	7.5
Jun	8.0
Jul	10.0

July 2001 - July 2002

Vendor Payment Processing

The NBC agreed upon standard is to process all vendor invoices within 5 days of receipt of the proper documentation from ITA. In accordance with the Prompt Payment Act, if vendors are not paid within 30 days of receipt of the goods or services by ITA, interest and penalties are due to the vendor. For the month of June, ITA was not in compliance with the Prompt Payment Act requirements. ITA paid vendors 94% of the time within the 30 days requirement instead of the 95% Prompt Payment Act standard as indicated by the chart below[1]:

Frequency of Vendor Invoices Paid Late

June 2002 is being reported instead of July 2002 due to prompt pay timing issues

Prompt Pay Standard - 95%

Month	Value
Jun	35%
Jul	23%
Aug	20%
Sept	19%
Oct	17%
Nov	15%
Dec	11%
Jan	17%
Feb	7%
Mar	5%
Apr	5%
May	10%
Jun	6%

June 2001 - June 2002

1 Previous month data is used because Treasury does not provide information until the 10th workday after the close of each month

OFM and NBC working with ITA cost centers have reduced the percentage of late payments from 10% in May to 6% for June. OFM/NBC will continue to work with the program units to meet the prompt pay requirements.

| Vendor Payment Processing	Current Month June 2002	FY 2002 YTD
Invoices Paid subject to the Prompt Payment Act		
• **Dollar value of invoices**	$2,026,600	$22,731,151
• **Number of invoices**	399	4,026
Invoice Paid Late		
• **Dollar value of invoices0**	$52,645	$2,527,716
• **Number of invoices**	25	443
• **Percentage of Invoices that are paid on time**	94%	89%
Invoices Paid Late with Interest/Penalties Due		
• **Dollar Value of Interest Paid**	$254	$7,455
• **Number of Invoices**	15	230
• **Percentage of Invoices accruing interest**	4%	6%

Does Not Meet Prompt Pay Act Standard of 95%

Payroll Errors

FY 2002 Payroll Default Errors
(Payroll charges with invalid account codes are charged against a default

Legend: Total Errors, Cash Awards, Timekeeper
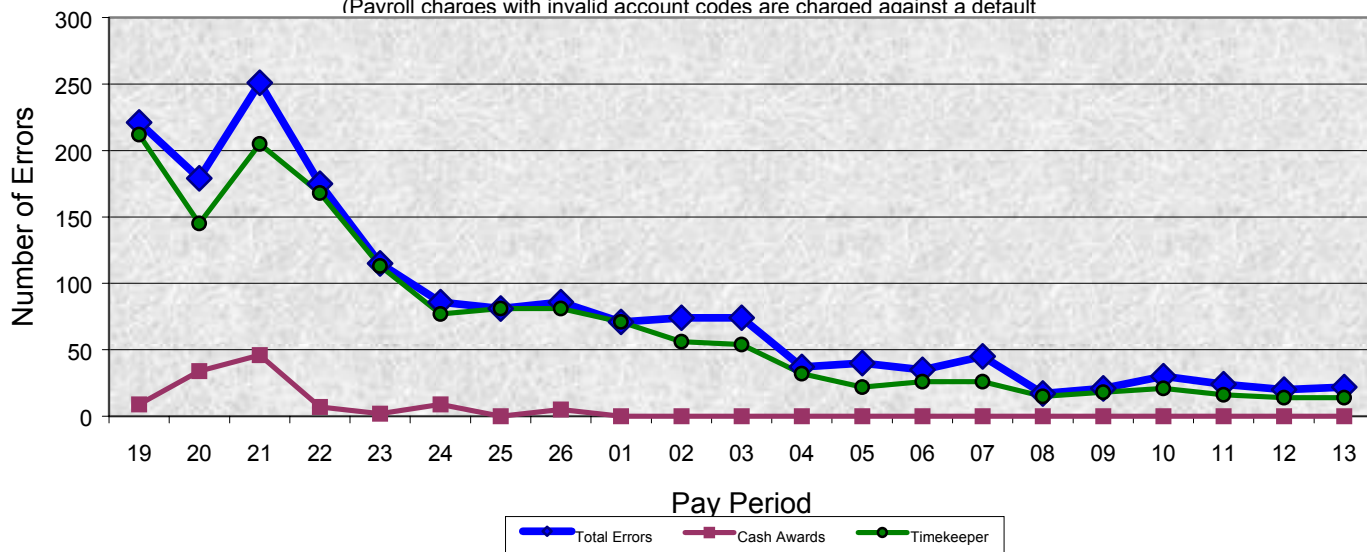
- Payroll errors have leveled off to fewer than 25 errors. This meets our 1% error rate standard. The fluctuation is mainly due to errors in cash awards

- OFM has implemented a review by the budget analysts of the accounting codes all cash award forms. This effort is expected to eliminate or minimize the payroll errors from incorrectly coded cash awards.

Payroll Default Error Total By Division
(FY2002 Year to Date)
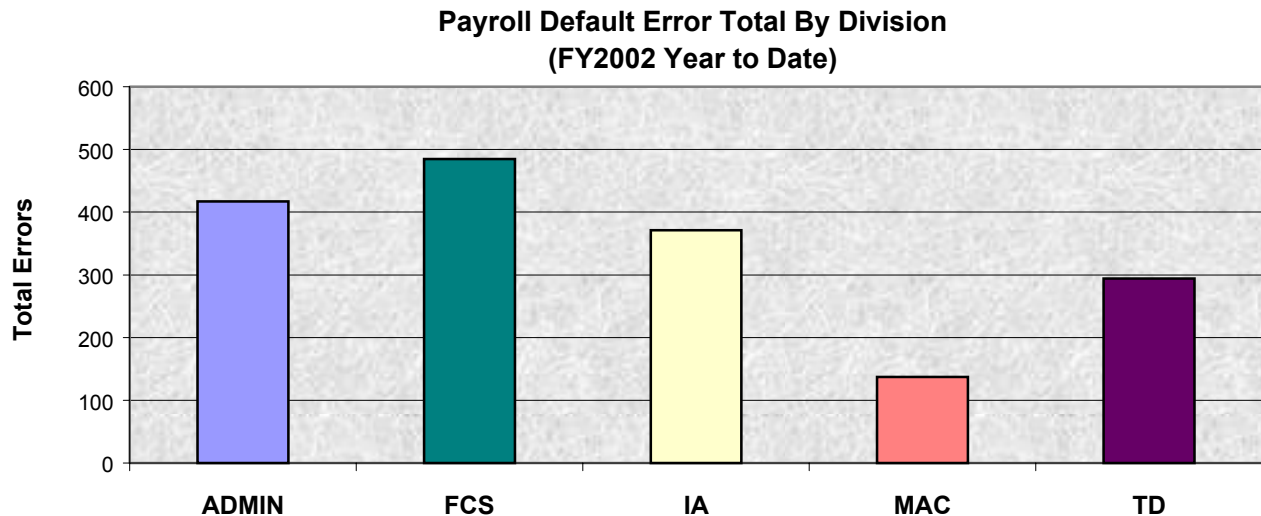
- In the last pay period $28,899.82 in payroll related charges were paid against default accounts. This amount shows a continued reduction from the $ 34,230.90 in the last reporting period. These errors have been subsequently corrected and the charges re-applied against the correct accounts.

- The U&SFCS generates most of the payroll errors followed by the Administration unit. Notwithstanding, the Administration unit has corrected the causes of its payroll errors (for additional information see explanation below).

The table below shows the number of errors for each pay period for FY2002. Since pay period 05, timekeeper errors have leveled off at around 20 errors. The Admin error is due to a recent change on the organization code from 7900 to 7910 of a co-op student's payroll charge. TD's recent increase in errors does not seem to be due to any identifiable pattern. Elizabeth Seals is working with the timekeepers to correct these errors and continues to monitor and analyze the causes of these errors.

FY 2002 PAYROLL ERROR TOTAL BY DIVISION								
PAY PERIOD	PAY DATES	ADMIN	FCS	IA	MAC	TD	TOTAL	COMMENTS
19	9/23-10/6	23	132	13	12	41	221	*9 are cash awards
20	10/7-20	48	59	28	20	24	179	34 are cash awards
21	10/21-11/3	58	78	56	23	36	251	46 are cash awards
22	11/4-17	47	26	56	21	25	175	7 are cash awards
23	11/18-12/1	28	18	43	3	23	115	2 are cash awards
24	12/2-15	21	21	30	3	11	86	9 are cash awards
25	12/16-29	35	12	21	2	11	81	
26	12/30-1/12/02	22	24	24	5	11	86	5 are cash awards
01	1/13-26	26	6	23	5	11	71	
02	1/27-2/9	28	21	9	6	10	74	18 are cash awards
03	2/10-23	23	17	13	6	15	74	20 are cash awards
04	2/24-3/9	12	10	4	5	6	37	5 are cash awards
05	3/10-23	4	11	5	3	17	40	18 are cash awards
06	3/24-4/6	5	3	12	10	5	35	9 are cash awards
07	4/7-20	8	11	10	3	13	45	19 are cash awards
08	4/21-5/4	7	4	2	1	3	17	2 are cash awards
09	5/5-18	4	5	7	2	3	21	3 are cash awards
10	5/19-6/1	10	7	4	3	6	30	9 are cash awards
11	6/2-6/15	5	9	2	2	6	24	8 are cash awards
12	6/16-6/29	2	7	4	0	7	20	6 are cash awards
13	6/30-7/13	1	4	5	2	10	22	8 are cash awards
TOTAL		417	485	371	137	294	1704	

Note: Cash awards only show up as errors for 1 pay period.

IPAC Suspense Account

Generally, when IPAC collections are received from a federal agency, the transactions are recorded against the suspense fund 91. Advices of Correction (AOC) are then prepared to move the collected amounts to the appropriate accounting code(s). All outstanding transactions in the suspense fund must be cleared by fiscal year closing.

IPAC Suspense Account
by Organizational Unit
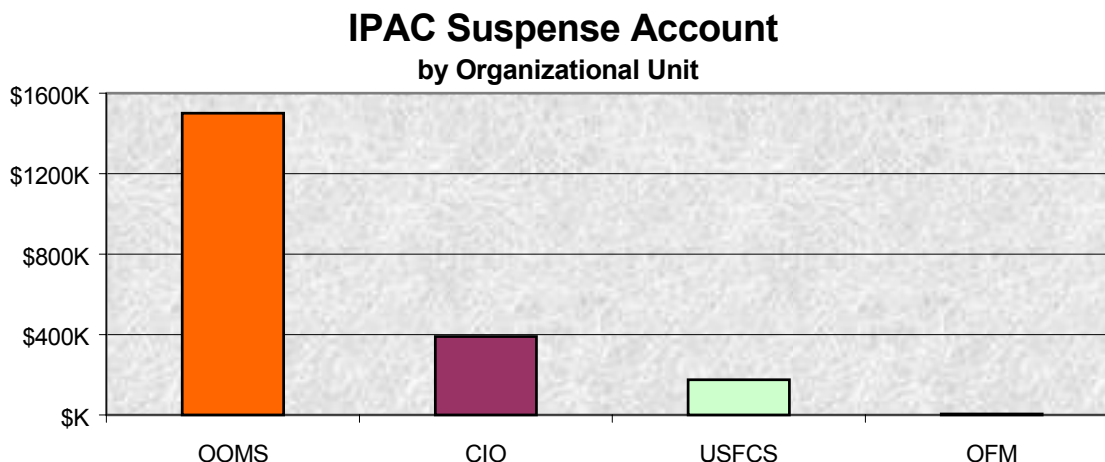
The above chart shows an IPAC Suspense account balance of $2,068,425 as of July 31, 2002. The outstanding balance has been significantly reduced in the first week of August as indicated below.

July 31 Balance	$2,068,425
Denver currently Processing	$377,975
OOMS signed & faxed 7/30	$1,097,821
Completed 8/6	$1,938
Current Balance	$590,691

OFM Accounting is monitoring the status of the suspense fund on a real-time and has made a significant improvement over last year's outstanding balance of approx. $8,000,000 in the suspense account. OFM is coordinating with the organizational elements' contact points and NBC to ensure all transactions are processed as quickly as possible. The table below shows the number of transactions that are pending in the suspense fund and the contact points

Lockbox Suspense Account

Collections from foreign customers that are sent to a lockbox in Bank One, Chicago, IL. These collections are generally for Information Products, Trade Events, expenditure refunds, or repayment of employee travel advance. When a collection is received from

a foreign customer, the ITA office completes either a Receipt for Order or a Collection Transaction Record (CTR) containing accounting code information and forwards it along with the check to the lockbox. Bank One deposits the funds, keys in the accounting codes and transmits the transaction to NBC. Upon receipt, NBC records the transaction in FFS. When the accounting code on the transactions is incorrect, the transaction is recorded against the lockbox suspense account. OFM researches the correct accounting code for any transaction charged to the suspense fund and submits an AOC to NBC.

In July, Bank One discovered an error in the instructions for the lockbox, which was causing ITA's collections to be miscoded. Hence, a large number of transactions were defaulted into the suspense fund. OFM and Bank One agreed upon a fix for the problem and as of July 25, the problem is corrected. Currently there is $394,091 in the lockbox suspense account.

Other Suspense Accounts

NBC monitors and updates the following suspense accounts:
- Fines and Penalties
- General Fund Receipts
- Interest
- Freedom of Information
- Foreign Trade Zone
- Other Federal Payroll Withholding

NBC Initiatives

Travel Manager:

a) Pilot Test was begun May 6, 2002 at Philadelphia USEAC, HQ MAC office(s) and select HQ ITA administrative staff. On June 28th, HQ MAC office shut down their involvement with the pilot. They cited Travel Manager access problems as the reason and they will resume once "Travel Manager is proven operationally." The other offices involved in the pilot test have not reported the same access problems that MAC has.

b) Additional pilot sites including CS, TD and IA are being added. MAC is being asked to rejoin the pilot. More travelers need to be added to provide management with a larger sample size of travel vouchers to evaluate. A training plan is being developed with the objective of establishing dates when all HQ and domestic offices will be trained and operational on Travel Manager.

OFM Accounting Initiatives

(1) Payroll errors review status – OFM has modified the processing of cash awards by requiring a review, by the budget analysts, of the accounting codes all award forms. This effort is expected to eliminate the number of payroll errors from incorrectly coded cash awards. Additionally this year ITA decided to use NFC's option of automatically splitting payroll charges in pay period 19 between the two fiscal years. This should simplify the task of changing to a new fiscal year accounting code for timekeepers and reduce the subsequent errors.

(2) Coding pattern – On July 15, 2002, the CIO completed and delivered a "beta" version of the Coding Pattern application for testing. Team members, representing all the major organizational elements within ITA, conducted acceptance testing. OFM accepted the application pending the inclusion of minor changes, requested by FCS. A hotlink to the application has been posted on ITA's "Ourplace" intranet website and will be available to users upon that site's official launch date. OFM is currently conducting user training, which will continue throughout August and September 2002.

(3) Split Pay Period – For the last few years, ITA has required its timekeepers to split employee costs manually for pay periods that cross between the old fiscal year (FY) and the new fiscal year. This year, timekeepers will not have to perform this action. The National Finance Center (NFC) will split each ITA employee's payroll costs for pay period 19 (September 22nd – October 5th), by prorating the costs between the two fiscal years. NFC will apply approximately 60 percent of the costs to Budget Fiscal Year (BFY) 2002 and the remaining 40% against BFY

2003. The National Business Center (NBC) will ensure that split payroll costs are posted to the correct BFY.

Open Issues

(1)   Reimbursable Agreements –

a)   NBC continues to work with the Office of Domestic Operations (ODO) on obtaining current year agreements for Small Business Administration (SBA) and Export/Import Bank (EXIM) for shared cost in use of the USEAC centers. The EXIM agreement was signed in July and will be billed $161,688 in August. The SBA agreement was sent to SBA for signature on or about July 29th. Budget will follow up with ODO to determine the current status and the expected date that the agreement will be signed .The SBA charges unbilled to date are $218,637.

b)   Progress is being made on the reimbursable charges in default which totals $166,216 at the end of July. The majority of the remaining charges are for an agreement with NOAA and USFCS, project 8415, which as not been signed or established in FFS for the current year.

(2)   Property Inventory – The annual inventory process started April 1st and was completed on May 31, 2002. Troublesome areas that need additional work include the FCS/Overseas and the newly established CIO. For FCS, there was much property previously reported as disposed of that showed up as part of this year's inventory. CIO has personal property, mainly computer hardware that is not being tracked correctly. NBC staff is meeting with CIO staff in developing policy and procedures the week of August 4th. In the case of the FCS/Overseas, the NBC staff in conjunction with FCS personnel are currently reviewing the inventories of each post and making the necessary corrections.

(3)   Hyperion[2] – NBC is still working on establishing connectivity with Hyperion. Technical staff from NBC is working with staff from the DOC/OFM. The software will be loaded in time for NBC to enter Fiscal Yearend data into Hyperion. This problem is related to firewall issues currently being worked including NBC access to e-menu and the new financial coding database access.

(4)   Year-End-Closing and Accruals – This year OFM with the assistance of NBC made several changes to the Year-End-Closing and Accrual process that will greatly simplify the roll of ITA employees while increasing the accuracy of ITA's financial statements. Presented below are the most significant of these changes

- Credit Card accruals (both domestic and overseas) will be automatically calculated and processed by NBC.

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2 Hyperion is a system designed for consolidating and submitting financial statements

- Cash Award accruals will be based on the remaining amount of each Deputy Assistant Secretary's approved cash award pool and will be automatically processed by NBC.
- Accruals for established unliquidated obligations have been certified by the responsible officials at the end of June will be automatically processed by NBC. Additionally, NBC will establish accruals for those goods and services ordered from July 1 through September 30, 2002.

Closed Issues

Accrual and Year-End Reporting – NBC provided training to ITA personnel on Yearend Procedures and Accrual Accounting from August 13th – 15th. ITA OFM has the completed training evaluation forms from class participants. The training was well received by the participants.